



ASX Announcement

1 July 2019

De Grey expands exploration potential through LOI with Novo

De Grey Mining Limited (ASX: DEG, “De Grey”, “Company”) is pleased to announce that it has entered into a binding letter of intent (LOI) with Novo Resources Corp (Novo, TSX-V NVO OTCQX: NSRPF) expanding De Grey’s exploration to include gold-bearing lag gravel deposits across De Grey’s large land position. Novo, with new joint venture partner Sumitomo Corporation, are currently exploring the Egina lag gravels project immediately to the south of De Grey’s project (Figure 1).

De Grey remains focussed on establishing further gold resources and future development from the extensive shear zone and intrusion related gold bedrock targets. This agreement allows De Grey to tap into Novo’s specialised experience and add value through the additional search for near surface gold-bearing lag gravel deposits. Importantly, the Indee Gold mining tenements, existing resources including a 300m buffer around each deposit (and any future mining lease related to these existing resource areas), in situ “hardrock” conglomerate gold targets and an existing third party gravel right are excluded from the LOI.

Under the LOI, Novo has the right to explore De Grey’s project for gold-bearing lag gravel deposits for an initial three-year period (the “Initial Period”) by paying AUD \$1 million, of which AUD \$300,000 will be held in escrow by Novo until De Grey acquires Indee Gold Pty Ltd (“Indee Gold”). Prior to the expiry of the Initial Period, Novo may elect to extend its exploration rights for an additional two years (the “Second Period”) by paying an additional AUD \$1 million (the “Second Payment”). Beyond the Second Period, Novo can elect to continue to extend its exploration rights in two year increments by paying an additional AUD \$1 million per extension period subject to the successful submission of a mining lease application (Mining Area) or De Grey’s waiver of this condition.

If a mining lease is granted over a proposed lag gravel Mining Area on De Grey’s tenements, a Joint Venture is formed and Novo will be deemed to have acquired an 80% interest in the relevant initial Mining Area (and any future Mining Areas) by giving notice to DEG and on payment of a one-time amount of AUD \$2 million. If the Joint Venture is established during the Initial Period, Novo will also be required to pay the Second Payment of \$1M. Thereafter, the Joint Venture is to be funded pro-rata and includes an election whereby De Grey may dilute and retain to a 1% net smelter royalty.

De Grey remains the primary tenement holder and will have precedence at all stages of exploration and mining for bedrock mineralisation while Novo retains rights for exploration and mining for gold-bearing lag gravel deposits.

Technical Director, Andy Beckwith commented

“The agreement adds value to De Grey shareholders through an active exploration program on the lag gravel potential managed by specialist explorer Novo. De Grey will maintain its committed focus on growing and developing our bedrock gold resources. Over the coming months, Novo plans to evaluate the shallow gravels at the Egina Project immediately south of us and the subsequent application of this experience will be immensely valuable when applied to De Grey’s land package.”

For further information:

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Figure 1 Pilbara Gold Project showing NOVO LOI agreement areas.

Green shaded areas are De Grey 100% tenure and yellow areas are the Indee Gold tenure, subject to acquisition by De Grey.

